

## Key Components of UI Proposal

As approved by the Legislature on June 11, 2003

### New Tax structure:

The tax schedule is expanded and changes are made to provide **greater equity in accounting for socialized costs. The new tax array is more focused on an employer's layoff experience.** The new system includes two taxes:

An *experience rate* assigned based on layoff history, allocated into 40 rate classes (rates are 0% - 5.4%); and

A *social cost payment* that is determined by dividing the total social cost to the system in the previous year by taxable payroll. The factor is applied on a graduated scale, and the minimum social cost factor shall be .6%.

*The maximum combined rate is 6.5%. However, for agriculture and fishing industries, the maximum combined rate is 6%.*

An additional *solvency surcharge* of .2% will be applied when the balance in the trust fund will provide fewer than four months of benefits.

### Benefit Payments:

Currently, the amount a claimant receives as a weekly benefit payment is based on the claimant's **two highest quarters of earnings**. In order to more accurately reflect an employee's work experience, the proposal does the following:

- In 2004, benefit payments will be based on the claimant's **three highest quarters of earnings**; and
- Beginning in 2005, benefit payments will be based on the claimant's **annual earnings**.

### **Benefit Duration:**

Currently, a claimant is eligible for **30 weeks of benefits**. When the unemployment rate reaches 6.8% or less, this is reduced to **26 weeks**.

### **Maximum Benefit Level:**

Currently, the maximum weekly benefit payable is based on **70% of the average weekly wage** in the state. The proposal changes this to **63% of the average weekly wage**.

### **Voluntary Quits & Misconduct:**

An employee may receive benefits if he or she voluntarily quits a job for “good cause.” The proposal specifically limits what constitutes “good cause.” In addition, the definitions and penalties for employees who are let go for misconduct are expanded. An employee fired for misconduct will be ineligible for benefits for 10 weeks.

### **Part-time work:**

Claimants with a history of part-time work may search for part-time work and remain eligible for benefits.